

EPCH takes up issues of the sector with the Handicrafts Sectoral Group of GST Council

Delegation calls on Mr. Pradeep Goel, Commissioner, CBEC - the Nodal Officer of Handicrafts Sectoral Group on GST, presents handicraft sector's side at the first meeting of the Sectoral Group

The GST Council has set up 18 sectoral groups for various sectors of the economy in order to ensure smooth rollout of GST. Mr. Pradeep Goel, Commissioner, CBEC is the co-convenor of the Handicrafts Sectoral Group. The first meeting of this Sectoral Group was held at New Delhi on 17th June, 2017. Senior officers of the Ministry of Finance also attended the meeting and the handicrafts sector was represented by Mr. OP Prahladkha, Chairman, EPCH and Mr. Rakesh Kumar, Executive Director, EPCH. Further, industry associations like The Handicrafts Exporter's Association, Delhi; Jodhpur Handicrafts Exporters Federation; Handicrafts Exporters Association, Agra; Buying Agents Association, Delhi; and some prominent exporters also attended the meeting.

Mr. Rakesh Kumar made a presentation with an overview of the handicrafts sector including exports, export markets, craft clusters, various handicraft segments and the manufacturing processes. All issues pertaining to the handicrafts sector were taken up one by one and included the following:

- **Handicrafts – Classification on GST Schedule :** 'Handicrafts' is currently exempted from Central Excise and Value added Tax (VAT) in various states, the rates on handicrafts sector are indicated at the 4 digit HS classification and that too on higher side for handicrafts items. The flat rate of 3% GST may be made applicable for handicrafts sector.
- **Job Work :** GST Act does not provide any relief to the sector particularly with respect to the provision contained in the Section 9 (4) with regard to the Reverse charge in case of supplies from un-registered persons.
- **Sale to foreign tourists :** to be considered as a deemed export. Mechanism to be developed to exclude them from GST.
- **Stock in hand as on 30th June 2017 :** A limit of one year should be removed for exporters for allowing ITC for stocks only for one year purchases in case of exporters.
- **GST on Sale of Scrips :** The utility of the scrips apart from



The EPCH delegation seen greeting Mr. Pradeep Goel, Commissioner, CBEC and presenting the handicraft industry's concerns as well as representation in connection to GST



basic customs duty, the exporters will lose to the extent of 40-50% and will incur losses. The Government may consider the utilisation of these scrips against all types of GSTs.

- **GST on fair participation :** Participation in B2B fairs within India to be treated similar to the process of movement of goods (No Sale or Purchase) and to be exempted from GST. Further, participants participating in fairs in various states to be exempted from registering as a casual taxable person in the state where the exhibition is being held.

- **GST on foreign agency commission earned by Buying Agents**: The services rendered by buying agents should be treated as Export of Services where commission is received in foreign exchange and should be subject to zero rate GST.
- **Rate of Duty Drawback**: Tax incidence is being offset by way of grant of duty drawback to the exporters, lower rate of drawback when input tax credit is availed and higher rate of duty drawback when input tax credit is not availed on the same lines as available currently in the Drawback Schedule to be made to the exporters.

Mr. Pradeep Goel, Commissioner, CBEC, heard the suggestions placed before him and assured that the sectoral group would consider the genuine requests of the Handicrafts sector and relief to the sector would be provided through necessary amendments. He informed that the sectoral group will be visiting the major craft clusters in the next 20 days and would be meeting the handicrafts stakeholders across the country to take the feed back so that the same can be placed before GST Council.

Mr. Rakesh Kumar, Executive Director, EPCH, reiterated that in order to educate member exporters on various aspects of GST, the Council has conducted seminars across various craft clusters and a one day training program on GST has also been organised at New Delhi, providing complete hand-holding support to the handicrafts exporters so that the transition for exporters is smooth into the GST regime. Similar one day training programmes will be held across the craft clusters. Mr. O.P Prahladka, Chairman, EPCH, said that EPCH is hopeful that issues and problems related to handicrafts sector would be properly addressed by the GST Council and relief be given to the sector. ■

EPCH delegation meets Union Minister for Textiles, Smt. Smriti Zubin Irani, update her on GST related issues of handicrafts sector



Hon'ble Union Minister for Textiles, Smt. Smriti Zubin Irani being greeted by Mr. O.P Prahladka, Chairman, EPCH and Executive Director, EPCH, Mr. Rakesh Kumar

Council's representation on GST reaches out to concerned Govt. departments in Rajasthan



The EPCH delegation with Mr. O.P Prahladka, Chairman, EPCH; Mr. Lekhraj Maheshwari, Member, COA, EPCH; Executive Director, EPCH, Mr. Rakesh Kumar; and industry representatives from Jaipur, Jodhpur, Barmer, Bikaner, met Mr. Rajpal Singh Shekhawat, Minister of Industries, Govt. Enterprise, Government of Rajasthan and briefed him about issues that the handicrafts sector may face in the GST regime and suggested possible solutions for the same. The delegation also met Mr. Tanmay Kumar, Principal Secretary to Chief Minister of Rajasthan and discussed GST related issues with him.



EPCH conducts a one day training program on GST, providing complete hand-holding support to handicrafts exporters for a smooth transition into the GST regime 17th June 2017; Rajiv Gandhi Handicrafts Bhawan, New Delhi

EPCH helps handicraft sector get GST ready

Awareness seminars organised across craft hubs & clusters
Expert faculty guide member exporters on post-GST implications

The much talked about Goods & Services Tax (GST) is to be in force w.e.f. 1st July 2017. This is a comprehensive tax levied on manufacture, sale and consumption of goods and services at a national level that is all set to integrate the state economies and boost overall growth, impacting the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilisation and reporting, leading to a complete overhaul of the current indirect tax system. It is expected to have a far-reaching impact on almost all aspects of business operations in the country. Owing to this, there has been anxiety about the soon to be GST regime among manufacturers and exporters in the industry. EPCH, in its representation to the concerned Government departments, has requested for all artisans to be completely exempted from GST as was in the past, so that onus of paying GST under reverse charge is not applicable on the exporters. The Council had specifically requested for relaxation in provision of stock in hand for handicrafts exporters. The calculation of duty drawback rates under the new GST regime to be simplified has also been requested. In order to educate exporters about the implication of the GST on the handicrafts sector and also how to migrate to the new tax regime, EPCH conducted awareness seminars in several craft hubs and clusters across India.

23th April 2017; Jaipur



In Jaipur, the GST awareness seminar was conducted with Chartered Accountant, Mr. Yash Dhaddha. Mr. Lekhraj Maheshwari, Member, COA, EPCH, moderated the session including 20 participants and 4 artisans.

23th May 2017; Chennai



Present on the occasion were, Mr. KLRamesh, Regional Convenor-South, EPCH; Mr. P Subramanian, former COA Member, EPCH; Mr. N Ramamurthi, Asst. Director, O/o DC (Handicrafts), Chennai; and Expert faculty on GST, Mr. R Kiran Gaikwad



This was well attended with 50 participants including 39 artisans. EPCH member exporters present on the occasion, like Mr. KLRamesh, Regional Convenor-South, EPCH; and Mr. P Subramanian, former COA Member, EPCH, shared their journey and experience in the handicrafts industry, emphasising on the requisites of a successful exports business. They also informed the participants of the Council's multifarious activities. Mr. N Ramamurthy from the O/o DC (H) spoke about the various schemes and benefits available through his office, for the artisans community. He also informed the participants about online registration of handicraft products in the "India Handmade Bazar Portal". Expert faculty, Mr. R Kiran Gaikwad made a detailed presentation on GST, considering the importance of structural shift in Tax Policy to GST model, highlighting the advantages like, elimination of various taxes, as all taxes would be brought into one tax net. He explained about the GST policy, features and tax rate slabs. Participants raised many questions and got explanations from the faculty. The programme successfully concluded with a formal vote of thanks to all the participants and the dignitaries present during the seminar.

24th May 2017; Saharanpur



Held at Common Facility Centre, Saharanpur, this was well attended. EPCH member exporters present like, Mr. Sheikh Faizan Ahmed; Mr. MS Zama and Mr. Irfan Ahmed graced the occasion. Expert faculty, Mr. R K Gupta, CA, made a detailed presentation on GST and answered participants' queries.

24th May 2017; New Delhi



This was conducted for buying houses and buying agents with Chartered Accountant, Mr. Ravi Bhatia as the GST expert



EPCH organised an exclusive seminar cum discussion on GST, for Buying Houses/Agents on 24th May 2017 at EPCH House, New Delhi. Comprehensive discussions on issues related to GST were carried out during the session. Mr. Rakesh Kumar, Executive Director, EPCH welcomed the representatives from buying agents firms and buying houses. The expert on GST here was Mr. Ravi Bhatia, Chartered Accountant who also answered queries raised by the attendees.

25th May 2017; Moradabad

The expert faculty at this session Mr. Anant Bhatia, CA from M/s. Bhatia & Bhatia Chartered Accountants, informed the participants about the procedure and documentation for GST and addressed various queries. Present on the occasion were COA Members, EPCH and leading exporters from the region, Mr. Abdul Azim, Mr. Neeraj Khanna and Mr. Naved Ur Rehman.



27th May 2017; New Delhi



Present on the occasion were, Mr. R K Passi, Member COA, EPCH; Mr. Rakesh Kumar, Executive Director, EPCH; Mr. CR Rai, President HEA; and CA Ravi Bhatia from Bhatia & Bhatia Chartered Accountants

This was held at Rajiv Gandhi Handicrafts Bhawan, New Delhi and was

attended by several member exporters from NCR. The queries were well represented and answered with the session concluding with interactions with the expert faculty.



27th May 2017; Kolkata

Mr. OP Prahladka, the then Vice-Chairman, EPCH and Convenor, Eastern Region, initiated the seminar and enlightened the members on the efforts EPCH is making towards preparedness for GST era. Expert faculty were CA Pramod Dayal Rungta and CA Jayesh Gupta, Chartered Accountants from JPNR Corporate Consultants Pvt. Ltd. Their detailed power point presentation highlighted the various provisions of GST. The speakers also explained about the importance of GST for business and industrial growth. The question-answer session at the end of seminar further helped the attendees to raise questions and get explanations & clarifications.

Mr. OP Prahladka, the then Vice-Chairman, EPCH and expert faculty - CA Pramod Dayal Rungta and CA Jayesh Gupta, interact with the attendees at the seminar



30th May 2017; Jodhpur

46 member exporters from Jodhpur region attended this seminar to understand the anticipated changes with the GST regime and the needed preparedness for the same.



This seminar was addressed by Mr. Pulkit Kapoor, CA from M/s. Dhadda & Co. and Mr. Naresh Bothara, President, Jodhpur Handicrafts Exporter Federation

The session was conducted by Mr. Naresh Bothara, President, Jodhpur Handicrafts Exporter Federation and expert faculty, Mr. Pulkit Kapoor, CA from M/s. Dhadda & Co.

He informed the participants about the procedure and documentation for GST and addressed various queries raised by the exporters on the matter. ■

29th May 2017; Bangalore



Present on the occasion were, Mr. MV Sridhar, expert faculty from M/s. KGS Cestax Consultants, Bangalore; Mr. MN Yajnanarayana, General Secretary, Laghu Udyog Bharathi- Karnataka; and Mr. KS Sharma, President, Laghu Udyog Bharathi-Karnataka

This was well attended with 167 participants including 8 artisans. Expert faculty, Mr. MV Sridhar, who is also a winner of the Presidential award in recognition of his exemplary performance in the field of audit and training, spoke about the overall GST policy and its features.



31st May 2017; Agra



Held at Hotel Samovar, Agra, this was well attended. Present on the occasion were Dr. S K Tyagi from Handicrafts Exporters Association (Agra); and Mr. AK Gupta besides expert faculty, Mr. Ravi Bhatiya and Mr. Vonesh Tyagi. A detailed presentation was made on GST and participants' queries were answered.